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for
Foreign National Compensation

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**Assistant Secretary of Defense
(Force Management and Personnel)**

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FORCE MANAGEMENT
AND PERSONNEL

FOREWORD

This Manual is reissued under the authority of DoD Instruction 1416.8, "Compensation Program for Foreign Nationals," December 5, 1980. It prescribes procedures and instructions on DoD compensation administration for foreign national employees in foreign areas.

DoD 1416.8-M, "Department of Defense Manual for Foreign National Compensation," December 1980, is hereby superseded.

This Manual applies to the Office of the Secretary of Defense (OSD), the Military Departments, the Unified and Specified Commands, and the Defense Agencies.

It does not apply to certain designated units of the Department of Defense authorized to use the Department of State Joint Compensation Plan for Local Employees. Instead, the interagency Memorandum of Agreement (MOA) applies. (See Chapter 6 and Appendix A.)

The pay fixing provisions of this Manual do not apply to indirect hire systems where the U.S. Forces, by agreement, use host government compensation systems, and the U.S. Forces do not retain pay fixing authority; however, the total compensation comparability provisions apply in all cases.

This Manual shall be used to establish the bargaining parameters for agents negotiating for the U.S. Forces in indirect hire situations where country-to-country or other agreements provide for the negotiation of wages and benefits.

This Manual is effective immediately and is mandatory for use by all DoD Components. Heads of DoD Components may issue supplementary instructions only when necessary to provide for unique requirements within their respective DoD Components.

Send recommended changes to the Manual through channels to:

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DoD Components may obtain copies of this Manual through their own publications channels. Other Federal Agencies and the public may obtain copies from the U.S. Department of Commerce, National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161.

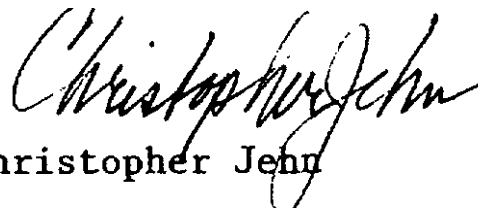

Christopher Jehu

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REFERENCES

- (a) Public Law 96-465, "Foreign Service Act of 1980," October 17, 1980
- (b) DoD Instruction 1400.10, "Employment of Foreign Nationals in Foreign Areas," December 5, 1980
- (c) Decision of the Comptroller General, Volume 40, Page 650
- (d) Title 5, United States Code, Section 5344
- (e) **DoD** Directive 5000.11, "Data Elements and Data Codes Standardization Program," December 7, 1964

DEFINITIONS

1. Base Pay. That part of U.S. Forces total **pay used to compute premium** pay and certain other allowances. Depending on the in-country situation, base pay may be:

a. The scheduled rate for the position.

b. The scheduled rate less a value representing pay components found in the **non-U.S.** Forces sector that were used in developing the scheduled rate, but which are not used by the **non-U.S.** Forces sector to compute premium pay and certain other allowances.

c. The scheduled rate plus other allowances or pays granted by both U.S. Forces and **non-U.S.** Forces sectors that, in the **non-U.S.** Forces sector, are used to compute premium pay and certain other allowances. In this case, the scheduled rate plus the other pay and allowances are used by the U.S. Forces sector to compute premium pay and certain other allowances.

2. Benefit Component. **The fringe benefits granted by U.S. Forces to foreign national employees and by non-U.S. Forces employers to their employees.** Fringe benefits normally include time-off benefits, financial assistance benefits, and social security-type benefits. The most commonly used benefit components are listed in Appendix B.

3. Consolidated Allowance. An allowance paid by the U.S. Forces to represent a wide variety of **non-U.S.** Forces pay that is considered in arriving at total pay for positions comparable to U.S. Forces positions.

4. Foreign National Employee. A **non-U.S.** citizen employed by the U.S. Forces outside the United States, its territories and possessions.

5. Median. The middle rate of a series of rates arranged in order of magnitude. If the series contains an even number of rates, the median is the simple average of the two middle rates.

6. Pay Component. Remuneration in cash or in kind for services rendered. The most commonly used pay components are listed in Appendix B.

7. Payment-in-Kind. That part of the pay component that is remuneration received other than in cash and that can be expressed in monetary terms.

8. Segmented Line. Wage line drawn through segments of survey data to reflect pay patterns in the country concerned.

9. Total Pay. The combined value of all separately paid pay components.

10. Trend Line. The result of regression analysis performed on the survey data. For a more detailed discussion, see Chapter 3 and Appendix F. The following types of trend lines may be run on survey data:

a. Linear Unit Company Job Average. Equal weight to each company survey job weighted average.

b. Linear Unit Survey Job Average. Equal weight **to** each survey job weighted average.

c. Linear Unit Grade Average. Equal weight to each grade weighted average.

d. Linear Frequency. Each observation is weighted by the number of employees at that observation.

e. Linear Unit Survey Job Median. Equal weight to each survey job median.

f. Curvilinear. Curved line that may be of two types: parabolic or **logarithmic.** Each type **may** be a "Unit Company Job Average," "Unit Survey Job Average," "Unit **Grade Average,**" "**Frequency,**" or "Unit **Survey** Job Median."

11. Weighted Average. The arithmetic mean that represents the aggregate of individual pay rates divided by the number of employees receiving such pay rates.